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1-9285

1 March 1950

MEMORANDUM FOR: CHIEF, COAPS

FROM: Assistant Director, OCD

SUBJECT: Failure of JAEIC to receive Counter Espionage Information having positive Intelligence Value

REFERENCE: Memorandum from Chief, COAPS, to Executive and Assistant Directors dated 27 February 1950, subject as above

1. I concur with the memoranda attached as Tabs A, B, and C to reference, and I recommend that the two draft memoranda - one to DCI and one to FBI - be transmitted substantially in their present form.

2. It is a fact that the JAEIC, charged with making the most crucial intelligence estimate of all, was not given access to critically important information and did not learn of it until it read it in the newspapers. If this fact became generally known we could all - all of us concerned with national intelligence - read in the newspapers that we should be charged with negligence, or incompetence, or criminal folly. When there was conflict between operational security and national security we allowed the former to take over.

3. Perhaps it will be argued that mere knowledge that Fuchs was under suspicion could not be useful to the JAEIC. This is not a sound argument. Knowledge that Fuchs might have served as a pipeline - plus the readily available knowledge of where he had worked, what he had done, and whom he had talked to - would have been sufficient to change the upper limits of any JAEIC estimate. It is not enough to say that we should assume, for upper limits on our estimates, that everything we know has been passed to the Russians: this is jejune, and for practical purposes it would mean only that all upper limits in our estimates of Soviet capabilities would be identical with, or higher than, our estimates of our own capabilities. Upper limits estimated on this basis, and on no better ground than this basic assumption, could not receive very serious attention from competent planners or intelligence officers. On the contrary, upper limits based on a concrete possibility such as Fuchs could not be disregarded.

4. It will be of no use to write to the FBI in terms of generalities. We must get down to cases. The Fuchs case is one which points up a critical weakness in our intelligence system, and I believe it should be used. 25X1

MORI/CDF Pages 2-7

JAMES M. ANDREWS

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ER-C-9239

27 February 1950

MEMORANDUM FOR: Executive

Assistant Director, OCD  
Assistant Director, OO  
Assistant Director, ORE  
Assistant Director, OSO  
Assistant Director, OSI  
Assistant Director, OPC  
Chief, Inspection and Security Staff

SUBJECT: Failure of JAEIC to Receive Counter Espionage  
Information having Positive Intelligence Value


1. Tab A shows wherein the Joint Atomic Energy Intelligence Committee failed to receive useful counter espionage information.

2. Tab B is our proposed memorandum to the Director recommending that he take this matter up with the Federal Bureau of Investigation.

3. Tab C is the draft letter to the Federal Bureau of Investigation.

4. We should like to have your concurrences or comments on Tabs B and C just as soon as possible.

25X1

  
PRESOTT CHILDS, Chief,  
Coordination, Operations,  
and Policy Staff

3 Encls.

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9 February 1950

"1. It is the opinion of the JAEIC that considerable counter espionage information is and has been available in the files of the FBI and elsewhere which would have been and probably still is of considerable value to the JAEIC in making its estimates of the status of the U.S.S.R. atomic energy program. Some of this information has become available through the investigations conducted by the House Committee on Un-American Activities and the Canadian Royal Commission. However, essentially all information that has become available is of a peripheral nature, incomplete, and of relatively little value because of the length of time which has elapsed since the incidents occurred. The Nuclear Energy Division of OSI made a request for specific information to the Director of the FBI on 21 September 1949. While some information was furnished in answer to this request, it was only of slight value.

"2. More specifically, if the JAEIC had known of the implications of the Fuchs case in June 1949 at the time when the July estimate was being written, the estimate of the time by which the Soviets could have obtained their first bomb would have been appreciably advanced, as no allowance was made in making that estimate for successful espionage on details of bomb design and construction. Of course, the JAEIC does not know how long Fuchs has been under investigation, but the fact still remains that the JAEIC was not informed until after the man's arrest.

"3. If the pattern set forth above is followed, it seems obvious that much counter espionage information will not be made available. The only real assurance we have of getting the information at present seems to be as a result of the investigations of a Congressional Committee or the arrest of the offenders in isolated instances. This is very unsatisfactory from the standpoint of time, as the information is sold by the time we get it that it is of little value.

"4. The JAEIC desires to point out to the SIC this possibly large area of information which is being denied us. Furthermore, in view of the paucity of information from other sources, the elimination of this deficiency is urgently necessary if the JAEIC is to perform its duties adequately."

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Tab A

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DRAFT MEMORANDUM FOR THE DIRECTOR

SUBJECT: Failure of JAEIC to Receive Counter Espionage Information having a Positive Intelligence Value

REFERENCE: Memorandum dated 16 February from AD/OSI addressed to the IAC enclosing memorandum of 9 February from the Joint Atomic Energy Intelligence Committee to the Chairman, SIC

1. With reference to the attached memoranda, in which JAEIC said that it would have been able to produce much better estimates had it heard from the FBI in advance that there was probability of espionage leaks on atomic energy through Fuchs, I believe that you may wish to point this out as an example to Mr. Hoover of the assistance he could give this Agency. A draft of such a letter is enclosed.

2. I understand that the FBI had this information some months ago; but whether or not it was before June 1949, I do not know. If they had told CIA of their evidence or suspicions, it naturally would have helped with our July estimate on Soviet atomic developments.

3. We think that this particular instance is a matter between CIA and the FBI, not a matter for the attention of the entire Intelligence Advisory Committee, as recommended by OSI, but rather for their information.

4. With reference to the Scientific Intelligence Committee's receiving counter-intelligence data, I should think that Committee could, under its charter, arrange to have additional representation on it from OSO or FBI but I should also think it would become so large that it would become unwieldy. Neither OSO nor FBI is engaged in such substantive intelligence but are rather collectors of information.

Tab B1

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5. If FBI could be persuaded to enter our field with a free flow of information, and if OSO would make sure that pertinent data reaches OSI and ORE, I should think no additional members on the Scientific Intelligence Committee would be necessary. Also if there were such members, and yet the FBI did not give out its information much in advance of publication in the press, it would make no difference whether or not they had members on the Committee.

6. We think it preferable for FBI to supply CIA with its pertinent information in advance, through OSO, and then OSO should furnish it to AD/OSI or AD/ORE as the case may be.

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DRAFT OF A LETTER FROM THE DIRECTOR OF CENTRAL INTELLIGENCE  
TO THE DIRECTOR, FEDERAL BUREAU OF  
INVESTIGATION

Dear Mr. Hoover:

As you will recall, the reason for membership on the Intelligence Advisory Committee of the Federal Bureau of Investigation was the desire of the National Security Council to ensure close coordination between foreign and domestic intelligence. The prerequisite to close coordination between these two fields is an exchange of information between the Central Intelligence Agency and the Federal Bureau of Investigation.

I have instructed all elements of this Agency to disseminate to the Bureau items of information, which become available to them, that appear to have application to your function. I shall be most appreciative if you will reciprocate. I recognize, of course, the security precautions that will have to be observed by this Agency in utilizing any information you may supply.

As an example of the type of information <sup>available at the time of writing</sup> (I believe you might be able to furnish) of importance to the production of intelligence bearing on the national security, I cite the case of Dr. Fuchs. This Agency is responsible for making periodic estimates of the progress of the USSR in designing, producing, and stock-piling atomic bombs. One of these periodic estimates was produced last July. The information available to this Agency at the time that estimate was being written indicates that the Soviets could not have produced their first bomb prior to a certain future date. Recently information has been furnished to the public about Dr. Fuchs which indicates that the Soviet espionage effort had been

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Tab 10

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successful to a certain degree in obtaining information that has enhanced Soviet capabilities in the design and production of atomic bombs. Had this information been available to the Central Intelligence Agency at the time the July estimate was being written, our computation of the time by which the Soviets could have obtained their first bomb would have been appreciably advanced, because allowance would have been made for successful espionage. In truth, the information would have had a great effect on the substance of our estimate, due to the paucity of information from other sources. I have no doubt that you will agree with me that the lack of a free flow to CIA of such information has most serious implications to the national security.

I urge that <sup>in the future your Bureau</sup> (you give the fullest consideration to the matter of) <sup>all</sup> furnish~~(ing)~~ this agency <sup>as soon as it becomes available</sup> (with) information which would be useful to the production of intelligence bearing on the national security. I assure you that I will take all possible precautions to insure that any items of information that you may furnish through our existing channels are adequately safeguarded.

(If you can see your way clear to cooperate with this Agency along <sup>I am sure that I can count on your cooperation in meeting this need</sup> the lines outlined above, I believe your) contribution to the national security (will be material)

Sincerely,

R. H. HILLENKOETTER  
Rear Admiral, USN  
Director of Central  
Intelligence

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